

TOWNSHIP OF NOBLE
FINANCIAL STATEMENT

March 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Report Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Noble Township	County* Branch	Type* Township	MuniCode* 12
Opinion Date-Use Calendar Oct. 24, 2008	Audit Submitted-Use Calendar Oct. 28, 2008	Fiscal Year End Month* Mar	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its or reserved fund balances/undesignated assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is the unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was the unit in compliance with the budget during the year?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, time or called as by the general property tax?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that cannot be reconciled to the budget? (List of local units of government in Michigan as reviewed by the Department of Treasury.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Are there any reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and all other generally accepted accounting principles?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> ?	18. Are there reported deficiencies?
<input type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue: ?	67100
General Fund Expenditure: ?	71040
Major Fund Deficit Amount: \$	0.00

General Fund Balance: ?	240654
Governmental Activities Long-Term Debt (see instructions): ?	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* David	Last Name* Locey	Ten Digit License Number* 1101012773		
CPA Street Address* 67036 N. M-166	City* Shurgis	State* MI	Zip Code* 49091	Telephone*
CPA Firm Name* David F. Locey, CPA	Unit's Street Address*	Unit's City*	Unit's Zip*	

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Noble, Branch County
Bronson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Noble, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Noble, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the governmental activities of the Township of Noble, Michigan, as of March 31, 2008, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Noble, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'D. Locey', is written over the printed name.

David E. Locey, CPA, PC
Sturgis, Michigan
October 24, 2008

Township of Noble
Combined Balanced Sheet
All Fund Types
March 31, 2008

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<u>ASSETS</u>			
Cash and Cash Equivalents	\$231,107	\$600	\$231,707
Prepaid Expenses	447	0	447
Taxes Receivable	835	0	835
State Revenue Sharing Receivable	<u>8,365</u>	<u>0</u>	<u>8,365</u>
Total Assets	<u>\$240,754</u>	<u>\$600</u>	<u>\$241,354</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Accounts Payable	<u>\$100</u>	<u>\$0</u>	<u>\$100</u>
Total Liabilities	100	0	100
 Fund Balance			
Reserved	17,300	600	17,900
Unreserved	<u>223,354</u>	<u>0</u>	<u>223,354</u>
Total Fund Balance	<u>240,654</u>	<u>600</u>	<u>241,254</u>
Total Liabilities and Fund Balance	<u>\$240,754</u>	<u>\$600</u>	<u>\$241,354</u>

Township of Noble
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended March 31, 2008

	Governmental Fund Types		Total (Memorandum Only)
	General Fund	Special Revenue Fund	Reporting Entity
REVENUES			
Taxes	\$13,470		\$13,470
Property Tax Administration Fee	6,882		6,882
State Shared Revenue	35,439		35,439
Interest Earned	9,814		9,814
Cemetery	720		720
Other	775		775
	<hr/>	<hr/>	<hr/>
Total Revenues	67,100	0	67,100
EXPENDITURES			
General Government	31,620		31,620
Flowers	0		0
Public Safety	8,822		8,822
Public Works	30,598		30,598
	<hr/>	<hr/>	<hr/>
Total Expenditures	71,040	0	71,040
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(3,940)	0	(3,940)
	<hr/>	<hr/>	<hr/>
Fund Balance - Beginning of the Year	244,594	600	245,194
	<hr/>	<hr/>	<hr/>
Fund Balance - End of the Year	<u>\$240,654</u>	<u>\$600</u>	<u>\$241,254</u>

Township of Noble
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
All Governmental Fund Types
For the Year Ended March 31, 2008

	General Fund		
	Budget	Actual	Over (Under) Budget
REVENUES			
Taxes	\$11,000	\$13,470	\$2,470
Property Tax Administration Fee	4,000	6,882	2,882
State Shared Revenue	34,000	35,439	1,439
Interest Earned	8,000	9,814	1,814
Cemetery	1,000	720	(280)
Other	2,400	775	(1,625)
Total Revenues	60,400	67,100	6,700
EXPENDITURES			
General Government	46,765	31,620	(15,145)
Public Safety	15,000	8,822	(6,178)
Public Works	31,000	30,598	(402)
Total Expenditures	92,765	71,040	(21,725)
Excess of Revenues Over (Under) Expenditures	(32,365)	(3,940)	28,425
Fund Balance - Beginning of the Year	244,594	244,594	0
Fund Balance - End of the Year	\$212,229	\$240,654	\$28,425

The notes to the financial statement are an integral part of this statement.

Special Revenue Fund			Total (Memorandum Only)		
			Reporting Entity		
Budget	Actual	Over (Under) Budget	Budget	Actual	Over (Under) Budget
			\$11,000	\$13,470	\$2,470
			4,000	6,882	2,882
			34,000	35,439	1,439
			8,000	9,814	1,814
			1,000	720	(280)
			2,400	775	(1,625)
0	0	0	60,400	67,100	6,700
			46,765	31,620	(15,145)
			15,000	8,822	(6,178)
			31,000	30,598	(402)
0	0	0	92,765	71,040	(21,725)
0	0	0	(32,365)	(3,940)	28,425
600	600	0	245,194	245,194	0
\$600	\$600	\$0	\$212,829	\$241,254	\$28,425

Township of Noble
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Township of Noble is located in Branch County and provides services including public safety and general administrative services.

PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES

REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board Statement #14 "The Financial Reporting Entity". The Township of Noble, Michigan operates under a council form of government. The accompanying financial statements present the Township's primary government and component units (none) over which the Township exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Township of Noble.

The major operations of the Township include general administrative and public safety services.

Criteria - primary vs. component unit (none)
Oversight Responsibilities

- A. Financial interdependency - responsibility for financial deficits or entitlement to surpluses
- B. Selection of governing authority
- C. Designation of management
- D. Ability to significantly influence operations
- E. Accountability for fiscal matter

BASIS OF PRESENTATION

FUND ACCOUNTING

The accounts of the Township of Noble are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Township of Noble
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions typically are financed. The funds in this category are as follows:

General Fund - This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - The Township of Noble has one Special Revenue Fund and a Cemetery Perpetual Care Fund. These funds were established to account for proceeds that are legally restricted to expenditures for a specific purpose.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

GOVERNMENTAL FUNDS

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable. Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenues are recorded as revenues when received in cash. General property taxes, self-assessed taxes, and investment earnings are recorded when earned (when they are both measurable and available).

BUDGET AND BUDGETARY ACCOUNTING

Formal budgetary accounting is employed as a management control for all funds of the Township. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds. The same basis of accounting is used to reflect actual revenues and expenditures/expenses recognized on a generally accepted accounting principles basis.

All unencumbered budget appropriations lapse at the end of each fiscal year, Township adopted fiscal year 3/08 budget in 3/07.

Township of Noble
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

FUND EQUITY

The unreserved fund balance for governmental funds represents the amount available for budgeting future operations.

REVENUE RECOGNITION

Property tax revenue recognition - The local unit property tax is levied on each December 1 on the taxable valuation of property located in the Township of Noble as of the preceding December 31. Ad valorem taxes were levied for the local unit operating purposes. These amounts are recognized in the general fund financial statement as taxes receivable or current tax collection.

TOTAL COLUMN ON COMBINED STATEMENTS - OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles, also is not data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Deposits are carried at cost. Deposits of the Township are at two banks in the name of Township of Noble. Michigan Compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bond securities, and other obligations of the United States, or an agency or instrumentality of the United States in which principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Governmental National Mortgage Association; United States Government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of

Township of Noble
Notes to Financial Statements
For the Year Ended March 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONT'D)

CASH AND CASH EQUIVALENTS (CONT'D)

government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan Law prohibits security in the form of collateral, security bonds, or other forms for the deposit of public money.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in the states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

	<u>Primary Government</u>
<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$144,586
Uninsured	<u>87,121</u>
Total Deposits	<u>\$231,707</u>

Cash equivalents are money market accounts with maturity of 90 days or less - because of liquidity they are considered the same as cash.

Township of Noble
Notes to Financial Statements
For the Year Ended March 31, 2008

COMPENSATED ABSENCE

None.

POST EMPLOYMENT BENEFITS

No benefits are available.

COMMITMENTS AND CONTINGENCIES

Management of the Township is not aware of any material commitments or contingent liabilities.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, and omissions, and employee injuries. The Township has participated in the Michigan Township Participating Plan (MTPP) since January 1, 1987. The plan covers general liability, non-owned /hired automobile liability, errors and omissions, property damage, and inland marine. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MTPP was created pursuant to the authority of a: Article 7, Section 28, Michigan Constitution of 1963; b) Section 1, Chapter 124, Michigan Compiled Laws (PA No. 35, 1951, as amended by PA No. 138, 1982). The Township voted unanimously to enter into this cooperative action agreement October 2, 1986, and have continued their membership since.

The Michigan Township Participating Plan was established April 1, 1985, pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member; to establish and administer a risk management program; to prevent or lessen the incidence and severity of a casualty losses occurring in the operation of its members; and to defend and protect, in accordance with this agreement, any member of the authority against liability or loss. The powers and duties created hereunder and the described activities of the plan are not intended to constitute the issuance of a policy of insurance. The members intend, in the creation of the plan, to establish an organization for joint risk management and have not created as between member and member any relationship for the debts of or claims against any member.

The MTPP, while it operates under the Michigan Legislation of PA 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Participating Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself by purchasing reinsurance. Participating Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverage's 100 percent, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

Township of Noble
Notes to Financial Statements
For the Year Ended March 31, 2008

RISK MANAGEMENT (CONT'D)

The Plan has reinsured 100 percent of its loss reserves and consequently has not reflected a liability for loss reserves on its balance sheet. In July 1992, the Plan entered into a negotiated settlement with Governmental Casualty Insurance Company (GCIC) and agreed to execute a commutation agreement whereby liability for all risks assumed by GCIC under their reinsurance agreements with the plan would be commuted back to the Plan. The Plan entered into a similar agreement with American Commercial Liability Insurance Company.

Based on actuarial study performed by William M. Mercer, Inc., the MTPP had the following open case reserves and IBNR reserves at June 30, 1996 under these commutation agreements;

<u>Case</u> <u>Loss Reserves</u>	<u>IBNR</u> <u>Reserves</u>	<u>Total</u> <u>Reserves</u>
\$313,550	\$31,252	\$344,802

At June 30, 1996, the Plan has reinsurance limits in the amount of \$693,119 to cover the reserves.

The Plan has continued to use the services of Integrated Runoff Insurance Services Corporation (IRISC) to assist in formalizing loss reserve standards and in settling loss and loss adjustment expense reserves. IRISC has maintained its philosophy that the potential for governmental immunity should be ignored when setting case reserves, even though trends continue to indicate that average cases close for substantially less than the reserve estimates.

GASB 34 REPORTING FINANCIAL

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/2008, also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

Township of Noble
General Fund
Statement of Expenditures - Actual Compared to Budget
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
GENERAL GOVERNMENT			
TOWNSHIP BOARD			
Trustee Salaries	\$700	\$690	(\$10)
Printing and Publication	500	143	(357)
Insurance and Bonds	3,000	2,830	(170)
Drains at Large	4,000	1,391	(2,609)
Dues	240	261	21
Payroll Taxes	1,025	1,590	565
Miscellaneous	<u>2,000</u>	<u>1,715</u>	<u>(285)</u>
Total Township Board Expenditures	11,465	8,620	(2,845)
SUPERVISOR			
Salary	3,000	2,000	(1,000)
Travel and Miscellaneous	<u>0</u>	<u>634</u>	<u>634</u>
Total Supervisor Expenditures	3,000	2,634	(366)
ELECTIONS	3,000	781	(2,219)
CLERK			
Salary	4,000	3,000	(1,000)
Travel	0	28	28
Supplies	<u>0</u>	<u>298</u>	<u>298</u>
Total Clerk Expenditures	4,000	3,326	(674)
BOARD OF REVIEW	800	445	(355)

Township of Noble
General Fund
Statement of Expenditures Actual Compared to Budget - Continued
For the Year Ended March 31, 2008

	Budget	Actual	Over (Under) Budget
GENERAL GOVERNMENT - CONTINUED			
TOWN HALL	1,000	5,570	4,570
ASSESSOR	6,000	3,000	(3,000)
TREASURER			
Salary	8,500	5,000	(3,500)
Supplies	0	77	77
Travel	0	151	151
Insurance	0	0	0
Total Treasurer Expenditures	8,500	5,228	(3,272)
CEMETERY			
Labor	8,000	0	(8,000)
Supplies	0	1,416	1,416
Capital Outlay	0	0	0
Total Cemetery Expenditures	8,000	1,416	(6,584)
CEMETERY ENDOWMENT	1,000	600	(400)
Total General Government Expenditures	46,765	31,620	(15,145)
PUBLIC SAFETY			
Fire Protection	15,000	8,822	(6,178)
PUBLIC WORKS			
Road Construction	31,000	30,598	(402)
Total Expenditures	\$92,765	\$71,040	(\$21,725)

Township of Noble
Statement of Reserve for Cemetery Care
For the Year Ended March 31, 2008

RESERVE BEGINNING	\$600
ADDITIONS	<u>0</u>
RESERVE ENDING	<u><u>\$600</u></u>

Township of Noble
Tax Collection Fund
Statement of Changes in Assets and Liabilities
For the Year Ended March 31, 2008

	Balance April 1, 2007	Receipts	Disbursements	Balance March 1, 2008
ASSETS				
Cash and Cash Equivalents	\$0	\$332,478	\$332,478	\$0
LIABILITIES				
Noble Township	\$0	\$16,322	\$16,322	\$0
Due to Schools - Bronson	0	17,683	17,683	0
Due to Branch County Treasurer & State	0	298,842	298,842	0
Total Liabilities	\$0	\$332,847	\$332,847	\$0

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Noble Township
Branch County, Michigan

We have audited the general purpose financial statements of the Township of Noble, as of and for the year ended March 31, 2008, and have issued our report thereon dated October 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Noble's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Noble's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

internal control components does not reduce to a relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'D. Lochey', is written over the printed name.

Sturgis, Michigan
October 24, 2008